

AMENDED IN SENATE FEBRUARY 18, 2004
AMENDED IN ASSEMBLY JANUARY 12, 2004
AMENDED IN ASSEMBLY AUGUST 28, 2003
AMENDED IN ASSEMBLY AUGUST 27, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 1784

**Introduced by Assembly Members Wolk and Frommer
(Coauthors: Assembly Members Bates, Canciamilla, Chu, Correa,
Daucher, Dutra, Garcia, Shirley Horton, Nakano,
Negrete McLeod, Richman, Salinas, and Wiggins)**

July 15, 2003

An act to amend Section 86205 of, and to add Sections 86119 and 89518.5 to, the Government Code, relating to the Political Reform Act of 1974, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1784, as amended, Wolk. Political Reform Act of 1974: conflict of interest: lobbying interests.

Existing law, *the Political Reform Act of 1974*, requires a lobbyist to register with the Secretary of State and prohibits a lobbyist from engaging in certain activities.

This bill would, effective January 1, 2005, prohibit a lobbyist or lobbying firm, ~~during any period of time that the lobbyist or lobbying firm, or any other business entity in which the lobbyist is an owner, officer, or employee, has a contractual relationship, as defined, with the controlled campaign committee of an elected state officer, other than a~~

~~Member of the Legislature, or the 6-month period following termination of that contract, from contacting the officer or his or her staff for the purpose of influencing legislative or administrative action from contacting, directly or through an agent, an elected state officer, other than a Member of the Legislature, or the elected state officer's staff, for the purpose of influencing legislative or administrative action during the period of time, and for the 6 months following that period of time, that the lobbyist or the lobbying firm, or any other specified person or entity, has a contractual relationship, as defined, with the elected state officer's controlled campaign committee. The bill also would, effective January 1, 2005, prohibit a lobbyist or lobbying firm, during any period of time that the lobbyist or lobbying firm, or any other business entity in which the lobbyist is an owner, officer, or employee, as specified, has a business relationship, as defined, with an elected state officer, other than a Member of the Legislature, from contacting the officer or his or her staff for the purpose of influencing legislative or administrative action. The bill would, effective January 1, 2005, require a lobbyist or lobbying firm that enters into subject to these provisions because of either a contractual relationship or a business relationship, as described above, to notify the Secretary of State within 14 days of establishing that relationship.~~

Existing law prohibits the use of campaign funds to compensate a candidate or elected officer for the performance of political, legislative, or governmental activities, except as specified.

This bill would ~~prohibit~~ *require* a candidate for elective state office ~~and to report certain information, as specified, if the candidate or his or her controlled campaign committee from entering~~ *enters* into a contract or agreement that includes a payment that is contingent upon the election of the candidate to office.

Existing law makes a violation of the act subject to administrative, civil, and criminal penalties.

The bill would create a state-mandated local program by imposing these penalties on persons who violate the provisions of this bill.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act's purposes with a $\frac{2}{3}$ vote of each house and compliance with specified procedural requirements.

This bill, which would declare that it furthers the purposes of the Political Reform Act of 1974, would therefore require a $\frac{2}{3}$ vote.

This bill would incorporate additional changes in Sections 86119 and 86205 of the Government Code proposed by AB 1784 1785 that would become operative only if AB 1784 1785 and this bill are both chaptered and become effective on or before January 1, 2005, and this bill is chaptered last.

The bill would provide that it would not become operative unless AB 1784 1785 is enacted and takes effect on or before January 1, 2005.

The bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 86119 is added to the Government
- 2 Code, to read:
- 3 86119. (a) A lobbyist or lobbying firm that ~~enters into a~~
- 4 ~~contractual relationship, as defined in paragraph (2) of subdivision~~
- 5 ~~(g) of Section 86205 becomes subject to subdivision (g) of Section~~
- 6 ~~86205 because of a contractual relationship, as defined in~~
- 7 ~~paragraph (2) of that subdivision, with the controlled campaign~~
- 8 ~~committee of an elected state officer, other than a Member of the~~
- 9 ~~Legislature, shall notify the Secretary of State within 14 days of~~
- 10 ~~executing the contract.~~
- 11 (b) A lobbyist or lobbying firm that ~~enters into a business~~
- 12 ~~relationship, as defined in paragraph (2) of subdivision (h) of~~
- 13 ~~Section 86205 becomes subject to subdivision (h) of Section 86205~~
- 14 ~~because of a business relationship, as defined in paragraph (2) of~~
- 15 ~~that subdivision, with an elected state officer, other than a Member~~
- 16 ~~of the State Legislature, shall notify the Secretary of State within~~
- 17 ~~14 days of establishing the relationship.~~
- 18 SEC. 1.5. Section 86119 is added to the Government Code, to
- 19 read:

1 86119. (a) A lobbyist or lobbying firm that ~~enters into a~~
2 ~~contractual relationship, as defined in paragraph (3) of subdivision~~
3 ~~(g) of Section 86205 becomes subject to subdivision (g) of Section~~
4 ~~86205 because of a contractual relationship, as defined in~~
5 ~~paragraph (3) of that subdivision, with the controlled campaign~~
6 ~~committee of an elected state officer, other than a Member of the~~
7 ~~Legislature, a Member of the Legislature or any other elected state~~
8 ~~officer shall notify the Secretary of State within 14 days of~~
9 ~~executing the contract.~~

10 (b) A lobbyist or lobbying firm that ~~enters into a business~~
11 ~~relationship, as defined in paragraph (3) of subdivision (h) of~~
12 ~~Section 86205 becomes subject to subdivision (h) of Section 86205~~
13 ~~because of a business relationship, as defined in paragraph (3) of~~
14 ~~that subdivision, with an elected state officer, other than a Member~~
15 ~~of the Legislature, a Member of the Legislature or any other~~
16 ~~elected state officer shall notify the Secretary of State within 14~~
17 ~~days of establishing the relationship.~~

18 SEC. 2. Section 86205 of the Government Code is amended
19 to read:

20 86205. No lobbyist or lobbying firm shall:

21 (a) Do anything with the purpose of placing any elected state
22 officer, legislative official, agency official, or state candidate
23 under personal obligation to the lobbyist, the lobbying firm, or the
24 lobbyist's or the firm's employer.

25 (b) Deceive or attempt to deceive any elected state officer,
26 legislative official, agency official, or state candidate with regard
27 to any material fact pertinent to any pending or proposed
28 legislative or administrative action.

29 (c) Cause or influence the introduction of any bill or
30 amendment thereto for the purpose of thereafter being employed
31 to secure its passage or defeat.

32 (d) Attempt to create a fictitious appearance of public favor or
33 disfavor of any proposed legislative or administrative action or to
34 cause any communication to be sent to any elected state officer,
35 legislative official, agency official, or state candidate in the name
36 of any fictitious person or in the name of any real person, except
37 with the consent of that real person.

38 (e) Represent falsely, either directly or indirectly, that the
39 lobbyist or the lobbying firm can control the official action of any
40 elected state officer, legislative official, or agency official.

1 (f) Accept or agree to accept any payment in any way
2 contingent upon the defeat, enactment, or outcome of any
3 proposed legislative or administrative action.

4 ~~(g) (1) Contact an elected state officer, other than a Member of~~
5 ~~the Legislature, or his or her staff, for the purpose of influencing~~
6 ~~legislative or administrative action, during any period of time that~~
7 ~~the lobbyist or lobbying firm, or any other business entity in which~~
8 ~~the lobbyist is an owner, officer, or employee, has a contractual~~
9 ~~relationship with the officer's controlled campaign committee,~~
10 ~~and during the six-month period following termination of that~~
11 ~~contract.~~

12 ~~(2) For the purposes of paragraph (1), "contractual~~
13 ~~relationship" means any contract or agreement between a lobbyist~~
14 ~~or lobbying firm, or any other business entity in which the lobbyist~~
15 ~~is an owner, officer, or employee, and the controlled campaign~~
16 ~~committee of an elected state officer, other than a Member of the~~
17 ~~Legislature, pursuant to which the lobbyist, lobbying firm, or~~
18 ~~business entity in which the lobbyist is an owner, officer, or~~
19 ~~employee, is entitled to compensation of one thousand dollars~~
20 ~~(\$1,000) or more per quarter, or four thousand dollars (\$4,000) or~~
21 ~~more per year.~~

22 *(g) (1) Contact, directly or through an agent, an elected state*
23 *officer, other than a Member of the Legislature, or the elected state*
24 *officer's staff, for the purpose of influencing legislative or*
25 *administrative action during the period of time, and for the six*
26 *months following that period of time, that any of the following*
27 *persons has a contractual relationship with the elected state*
28 *officer's controlled campaign committee:*

29 *(A) The lobbyist, or any business entity in which the lobbyist*
30 *has a 3-percent or greater ownership interest or holds a position*
31 *of management.*

32 *(B) The lobbying firm, any person who has a whole or partial*
33 *ownership interest in the lobbying firm, or any person who is an*
34 *officer or employee of the lobbying firm.*

35 *(2) For the purposes of paragraph (1), "contractual*
36 *relationship" means any contract or agreement between a person*
37 *described in subparagraph (A) or (B) of paragraph (1) and the*
38 *controlled campaign committee of an elected state officer, other*
39 *than a Member of the Legislature, pursuant to which the person is*

1 *entitled to compensation of one thousand dollars (\$1,000) or more*
2 *per quarter, or four thousand dollars (\$4,000) or more per year.*

3 (h) (1) Contact, *directly or through an agent*, an elected state
4 officer, other than a Member of the Legislature, or his or her staff,
5 for the purpose of influencing legislative or administrative action,
6 during any period of time that the lobbyist or lobbying firm, or any
7 other business entity in which the lobbyist ~~is an owner, officer, has~~
8 *a 3-percent or greater ownership interest or is an officer or*
9 employee, has a business relationship with the elected state officer.

10 (2) ~~For the purposes of paragraph (1), “business relationship”~~
11 ~~means any economic relationship valued at five hundred dollars~~
12 ~~(\$500) or more between a lobbyist or lobbying firm, or any other~~
13 ~~business entity in which the lobbyist is an owner, officer, or~~
14 ~~employee, and an elected state officer, other than a Member of the~~
15 ~~Legislature, that is reportable on the officer’s statement of~~
16 ~~economic interests. The term “business relationship” shall be~~
17 ~~deemed to encompass the entire period of time from the date the~~
18 ~~business relationship became reportable on the officer’s next~~
19 ~~statement of economic interests and for the 12 consecutive months~~
20 ~~following that date.~~

21 (2) *For the purposes of paragraph (1), a “business*
22 *relationship” exists when an elected state officer, other than a*
23 *Member of the Legislature, has an economic interest of one*
24 *thousand dollars (\$1,000) or more, that is reportable pursuant to*
25 *Chapter 7 (commencing with Section 87100), in the lobbyist,*
26 *lobbying firm, or any business entity in which the lobbyist has a*
27 *3-percent or greater ownership interest or is an officer or*
28 *employee. The business relationship shall be deemed terminated*
29 *upon disposal of the economic interest by the elected state officer,*
30 *lobbyist, or lobbying firm, or in the case of income, 12 months after*
31 *the income is received by the elected state officer.*

32 SEC. 2.5. Section 86205 of the Government Code is amended
33 to read:

34 86205. No lobbyist or lobbying firm shall:

35 (a) Do anything with the purpose of placing any elected state
36 officer, legislative official, agency official, or state candidate
37 under personal obligation to the lobbyist, the lobbying firm, or the
38 lobbyist’s or the firm’s employer.

39 (b) Deceive or attempt to deceive any elected state officer,
40 legislative official, agency official, or state candidate with regard

1 to any material fact pertinent to any pending or proposed
2 legislative or administrative action.

3 (c) Cause or influence the introduction of any bill or
4 amendment thereto for the purpose of thereafter being employed
5 to secure its passage or defeat.

6 (d) Attempt to create a fictitious appearance of public favor or
7 disfavor of any proposed legislative or administrative action or to
8 cause any communication to be sent to any elected state officer,
9 legislative official, agency official, or state candidate in the name
10 of any fictitious person or in the name of any real person, except
11 with the consent of that real person.

12 (e) Represent falsely, either directly or indirectly, that the
13 lobbyist or the lobbying firm can control the official action of any
14 elected state officer, legislative official, or agency official.

15 (f) Accept or agree to accept any payment in any way
16 contingent upon the defeat, enactment, or outcome of any
17 proposed legislative or administrative action.

18 ~~(g) (1) Contact a Member of the Legislature, his or her staff,~~
19 ~~or the staff of any committee the Member chairs, for the purpose~~
20 ~~of influencing legislative action, during any period of time that the~~
21 ~~lobbyist or lobbying firm, or any other business entity in which the~~
22 ~~lobbyist is an owner, officer, or employee, has a contractual~~
23 ~~relationship with the Member's controlled campaign committee,~~
24 ~~and during the six-month period following termination of that~~
25 ~~contract.~~

26 ~~(2) Contact an elected state officer, other than a Member of the~~
27 ~~Legislature, or his or her staff, for the purpose of influencing~~
28 ~~legislative or administrative action, during any period of time that~~
29 ~~the lobbyist or lobbying firm, or any other business entity in which~~
30 ~~the lobbyist is an owner, officer, or employee, has a contractual~~
31 ~~relationship with the officer's controlled campaign committee,~~
32 ~~and during the six-month period following termination of that~~
33 ~~contract.~~

34 ~~(3) For the purposes of this subdivision, "contractual~~
35 ~~relationship" means any contract or agreement between a lobbyist~~
36 ~~or lobbying firm, or any other business entity in which the lobbyist~~
37 ~~is an owner, officer, or employee, and the controlled campaign~~
38 ~~committee of a Member of the Legislature or other elected state~~
39 ~~officer pursuant to which the lobbyist, lobbying firm, or business~~
40 ~~entity in which the lobbyist is an owner, officer, or employee, is~~

~~entitled to compensation of one thousand dollars (\$1,000) or more per quarter, or four thousand dollars (\$4,000) or more per year.~~

(g) (1) *Contact, directly or through an agent, a Member of the Legislature, his or her staff, or the staff of any committee the Member chairs, for the purpose of influencing legislative action during the period of time, and for the six months following that period of time, that any of the following persons has a contractual relationship with the Member's controlled campaign committee:*

(A) *The lobbyist, or any business entity in which the lobbyist has a 3-percent or greater ownership interest or holds a position of management.*

(B) *The lobbying firm, any person who has a whole or partial ownership interest in the lobbying firm, or any person who is an officer or employee of the lobbying firm.*

(2) *Contact, directly or through an agent, an elected state officer, other than a Member of the Legislature, or the elected state officer's staff, for the purpose of influencing legislative or administrative action during the period of time, and for the six months following that period of time, that any of the following persons has a contractual relationship with the elected state officer's controlled campaign committee:*

(A) *The lobbyist, or any business entity in which the lobbyist has a 3-percent or greater ownership interest or holds a position of management.*

(B) *The lobbying firm, any person who has a whole or partial ownership interest in the lobbying firm, or any person who is an officer or employee of the lobbying firm.*

(3) *For the purposes of paragraphs (1) and (2), "contractual relationship" means any contract or agreement between a person described in subparagraph (A) or (B) of paragraph (1) or subparagraph (A) or (B) of paragraph (2) and the controlled campaign committee of a Member of the Legislature or other elected state officer pursuant to which the person is entitled to compensation of one thousand dollars (\$1,000) or more per quarter, or four thousand dollars (\$4,000) or more per year.*

(h) (1) *Contact, directly or through an agent, a Member of the Legislature, his or her staff, or the staff of any committee the Member chairs, for the purpose of influencing legislative action, during any period of time that the lobbyist or lobbying firm, or any other business entity in which the lobbyist is an owner, officer, has*

1 *a 3-percent or greater ownership interest or is an officer or*
 2 *employee, has a business relationship with the Member.*

3 (2) Contact, *directly or through an agent*, an elected state
 4 officer, other than a Member of the Legislature, or his or her staff,
 5 for the purpose of influencing legislative or administrative action,
 6 during any period of time that the lobbyist or lobbying firm, or any
 7 other business entity in which the lobbyist ~~is an owner, officer, has~~
 8 *a 3-percent or greater ownership interest or is an officer or*
 9 *employee, has a business relationship with the elected state officer.*

10 ~~(3) For the purposes of this subdivision, “business~~
 11 ~~relationship” means any economic relationship valued at five~~
 12 ~~hundred dollars (\$500) or more between a lobbyist or lobbying~~
 13 ~~firm, or any other business entity in which the lobbyist is an owner,~~
 14 ~~officer, or employee, and a Member of the Legislature or other~~
 15 ~~elected state officer that is reportable on the official’s statement of~~
 16 ~~economic interests. The term “business relationship” shall be~~
 17 ~~deemed to encompass the entire period of time from the date the~~
 18 ~~business relationship became reportable on the official’s next~~
 19 ~~statement of economic interests and for the 12 consecutive months~~
 20 ~~following that date.~~

21 (3) *For the purposes of paragraphs (1) and (2), a “business*
 22 *relationship” exists when a Member of the Legislature or other*
 23 *elected state officer has an economic interest of one thousand*
 24 *dollars (\$1,000) or more, that is reportable pursuant to Chapter*
 25 *7 (commencing with Section 87100), in the lobbyist, lobbying firm,*
 26 *or any business entity in which the lobbyist has a 3-percent or*
 27 *greater ownership interest or is an officer or employee. The*
 28 *business relationship shall be deemed terminated upon disposal of*
 29 *the economic interest by the Member or other elected state officer,*
 30 *lobbyist, or lobbying firm, or in the case of income, 12 months after*
 31 *the income is received by the Member or other elected state officer.*

32 SEC. 3. Section 89518.5 is added to the Government Code, to
 33 read:

34 89518.5. ~~No~~ *If a candidate for elective state office or his or*
 35 *her controlled campaign committee shall enter enters into a*
 36 *contract or agreement that includes a payment that is contingent*
 37 *upon the election of the candidate to office, that contract or*
 38 *agreement, including the date thereof, a description of the terms*
 39 *of the contract or agreement, and identification of all persons with*
 40 *whom the contract or agreement was made, shall be reported by*

1 *the candidate on the next campaign statement covering the*
2 *reporting period during which the contract or agreement was*
3 *made and on each subsequent campaign statement covering any*
4 *period during which the contract or agreement remained in effect.*

5 SEC. 4. Section 1.5 of this bill incorporates amendments to
6 Section 86119 of the Government Code proposed by both this bill
7 and AB 1785. It shall only become operative if (1) both bills are
8 enacted and become effective on or before January 1, 2005, (2)
9 each bill amends Section 86119 of the Government Code, and (3)
10 this bill is enacted after AB 1785, in which case Section 1 of this
11 bill shall not become operative.

12 SEC. 5. Section 2.5 of this bill incorporates amendments to
13 Section 86205 of the Government Code proposed by both this bill
14 and AB 1785. It shall only become operative if (1) both bills are
15 enacted and become effective on or before January 1, 2005, (2)
16 each bill amends Section 86205 of the Government Code, and (3)
17 this bill is enacted after AB 1785, in which case Section 2 of this
18 bill shall not become operative.

19 SEC. 6. No reimbursement is required by this act pursuant to
20 Section 6 of Article XIII B of the California Constitution because
21 the only costs that may be incurred by a local agency or school
22 district will be incurred because this act creates a new crime or
23 infraction, eliminates a crime or infraction, or changes the penalty
24 for a crime or infraction, within the meaning of Section 17556 of
25 the Government Code, or changes the definition of a crime within
26 the meaning of Section 6 of Article XIII B of the California
27 Constitution.

28 SEC. 7. The Legislature finds and declares that the provisions
29 of this act further the purposes of the Political Reform Act of 1974
30 within the meaning of subdivision (a) of Section 81012 of the
31 Government Code.

32 SEC. 8. Except as otherwise provided in Sections 4, 5, and 9
33 of this act, Sections 1, 1.5, 2, and 2.5 of this act shall become
34 operative on January 1, 2005.

35 SEC. 9. This act shall not become operative unless ~~Assembly~~
36 ~~Bill~~ AB 1785 is enacted and takes effect on or before January 1,
37 2005.

38 SEC. 10. This act is an urgency statute necessary for the
39 immediate preservation of the public peace, health, or safety

1 within the meaning of Article IV of the Constitution and shall go
2 into immediate effect. The facts constituting the necessity are:

3 In order to prevent undue influence by lobbyists, lobbying
4 firms, and lobbyist employers on Members of the Legislature, it
5 is necessary that this bill go into immediate effect.

6 _____

7 CORRECTIONS

8 Text — Pages 4.

9 _____

10

O

